

# **Minutes Of The Board Of Trustees**

## **City Of Cincinnati**

### **Retirement System**

**June 8, 2006**

The Chairman called the meeting to order at 1:30 p.m. with the following members present:

Joe Gray, Secretary  
Dan Radford, Chairman  
David Rager, City Manager  
Brian Pickering  
Ely Ryder  
Gina Marsh (proxy for John Cranley)  
Michael Rachford

#### **Member/s Absent**

Mark Mallory, Mayor  
Joe Harrison  
Margaret Allen  
Marijane Klug

Mr. Radford called for a motion to approve the minutes of the May 4, 2006 Board Meeting. The motion to approve the minutes was made by Mr. Pickering, seconded by Mr. Gray and carried by the Board.

#### **BENEFITS COMMITTEE**

Mr. Rachford presented the following report to the Board:

##### **1. Application for Ordinary Retirement - June 4, 2006: Total – 10**

<b>NO.</b>	<b>NAME</b>	<b>DEPARTMENT</b>
34557	Deborah Horn	Water Works
37453	Gwendolyn Thrower	MSD
40341	Lisa Bader	Water Works
40966	Sara Berlepsch	University Hospital
44295	Sondra Nichols	University of Cincinnati
44313	Jerome Hicks	MSD
48132	Michael Streder	Public Services
51883	Yolanda Mitchell	Engineering
58168	Jerry Kenneweg	RCC
59089	Robert McDaniel	MSD

2. Application for Retired Members Deaths: Total – 11

3. Application for Deferred Retirement: Total – 1

NO.	NAME	DEPARTMENT
51446	Allen Ford	MSD

Mr. Rachford moved that the Board accept the report of the Benefits Committee. The motion was seconded by Mr. Gray and carried by the Board

### **SECRETARY'S REPORT**

Mr. Gray reported that as of April 30, 2006 the asset level of the fund was \$2.52 billion, a year-to-date increase of about 4.0%. Mr. Gray also reported that the asset allocation of the investment portfolio is within the target bands defined in the asset allocation policy.

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 213
2. Resolution for Return of Contribution & Deaths of Pensioned Members  
Total: – 35 - Amount: \$216,698.24
3. Resolution for Loans to Members – Total: 50 - Amount: \$488,663.88
4. Resolution for Deaths of Pensioned Members – Amount: 13
5. Resolution for Members to Purchase Military Service Credit: 3

The Secretary submitted the following vouchers for payment:

PAYEE	AMOUNT
Lee Personnel, Inc. – Temporary Personnel Services	\$1,003.48
UPS – Delivery Service	\$26.65
International Foundation Conference – Registration fee for Brian Pickering	\$2,675.00
Mercer Human Resource Consulting – Professional Services Rendered	\$80,110.00
Paul T. Hogya, MD – Professional Services Rendered	\$975.00
Business Information Solutions, Inc. – Storage of CRS files	\$78.00
Mae Consulting, Inc. – Professional Services Rendered	\$450.00
ABS Business Products Inc. – Monthly Rental Base Rate	\$188.25
Finance – Printing Services – Charges for Stores, Printing & Postage	\$4,484.25
City of Cincinnati – Accounts & Audits – Charges for Cinsy billing, March-April 2006	\$8,392.52
Lee Personnel Inc. – Temporary Personnel Services	\$2,896.41
Mercer Human Resource Consulting – Professional Services Rendered	\$2,653.00
Millennium Business Systems – Supplies for fax machine	\$480.91
Xerox Corporation – Charges for Computer Supplies	\$229.01
John Walsh – Reimbursement for Investment Booklets	\$70.00
City of Cincinnati – Printing Services – Charges for the month of June 2006	\$4,292.52
School Employees Retirement System – Prior Service Transfers	\$20,231.46

Ohio Public Employees Retirement System – Prior Service Transfers	\$11,350.52
Ohio Police & Fire Pension Fund – Prior Service Transfers	\$35,967.39
State Teachers Retirement System – Prior Service Transfers	\$309.11
City of Cincinnati – Accounts & Audits – Charges	\$12,629.90
Lee Personnel Services, Inc. – Temporary Personnel Services	\$349.38
Pieczonka – Awards Plaque for Board of Trustees	\$90.00
Hudepohl & Associates, Inc. – Consultant Expenses for Search for Pension Fund Manager	\$4,551.37

The Secretary reported that at the close of business May 31, 2006, there was in the Treasury to the credit of the Retirement System the amount of \$9,075,577.75.

**Asset Valuation:**

- December 31, 2005: \$2.40 billion
- March 31, 2006: \$2.49 billion
- YTD Increase (Decrease): 2.76%

**Current Asset Allocation: (Interim Policy Objective)**

- Domestic Equity: 52.2% (52.7%)
- International: 17.5% (16.9%)
- Fixed Income: 28.8% (29.5%)
- Alternative Assets/Treasury Cash: 1.5% (0.9%)

**INVESTMENT COMMITTEE**

Mr. Gray reported that the Investment Committee met on June 6, 2006. The Investment Committee asked fixed income manager Smith-Graham to attend the meeting as they have been on the manager watch list for some time due to long-term underperformance. Mr. Gray reported that after Smith-Graham's presentation, the committee decided to take no further watch list actions against Smith-Graham. Mr. Gray reported that Smith-Graham's investment performance has improved over the last two years, which is when they implemented a number of organizational changes, including the hiring of a new Chief Investment Officer. (For more detailed information on the Smith-Graham presentation, see the Investment Committee minutes of June 6, 2006.)

Mr. Gray also reported that the Investment Committee would like to set up a special meeting in July to take a closer look at investing more of the domestic equities in index strategies. If it is decided to place more assets in an index strategy, the Investment Committee will work with the Investment Consultant and retirement staff to develop an investment strategy for moving assets from active managers to an index strategy.

The investment consultant presented the investment performance report for the 1<sup>st</sup> quarter. He reported that the total fund performance for the 1<sup>st</sup> three months of 2006 was 3.85%, which is a little below the Cincinnati benchmark which returned 3.98%. As a group, the domestic equity managers as well as the international equity managers trailed their respective benchmarks while the fixed income managers exceeded their benchmark. Mr. Radford commented that the report showed the year-to-date numbers were very good, but that some of the gains have probably been

lost since the end of the 1<sup>st</sup> quarter. The retirement staff commented that the latest data available indicates year-to-date investment returns had fallen to about 2.5%.

Mr. Ryder commented that the Investment Committee has not met with Blue Chip Venture Capital in quite some time, and he would like to have them come in to discuss their performance. The retirement staff indicated that they could invite Blue Chip to one of the upcoming Investment Committee meetings.

### **PENDING BUSINESS**

Mr. Gray reported that the negotiations with a new Pension Fund Manager have been completed, and the new Pension Fund Manager has met with the Retirement staff. The new Pension Fund Manager is John Boudinot, who has more than twenty years experience in benefits administration. Mr. Boudinot was most recently with the Missouri State Teacher's System, and has a great deal of experience in benefits administration and communications.

The Retirement staff reported that there were three members who ran for the employee member representative. The voting deadline was June 6, 2006, and ballots will be counted on Monday June 12, 2006 to determine the winner. The new employee member will replace Mr. Harrison, whose term expires August 1, 2006.

Mr. Radford moved that the Board consider a recess for the July Board meeting since City Council will be on recess at that time. After some discussion, it was the unanimous decision of the Board to cancel the July 6, 2006 meeting.

### **ADJOURNMENT**

Upon request of the Chairman for a motion to adjourn, the motion was made by Mr. Rachford, seconded by Mr. Gray, and carried by the Board. The meeting was adjourned at 2:00 p.m.